

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1840

Introduced by Assembly Member Gipson

February 9, 2016

~~An act to amend Section 64122 of the Government Code, relating to transportation.~~ *An act to amend Section 8546.10 of the Government Code, relating to state government.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1840, as amended, Gipson. ~~California Transportation Financing Authority.~~ *California State Auditor.*

Existing law establishes the California State Auditor's Office, headed by the appointed California State Auditor and under the direction of the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, with specified duties that include, among others, conducting financial and performance audits as directed by statute. Existing law also establishes the State Audit Fund as a continuously appropriated fund for the expenses of the office. Existing law authorizes the auditor to establish a high-risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local government agency he or she identifies as at high risk for, among others, fraud and abuse. Existing law requires the office to be responsible for the state costs associated with the program and further requires an audit conducted pursuant to the program to be approved by the Joint Legislative Audit Committee.

This bill would further require the auditor to obtain approval from the Joint Legislative Audit Committee to conduct onsite assessments or any work at a local government agency.

~~The California Transportation Financing Authority Act creates the California Transportation Financing Authority, with specified powers and duties relative to issuance of bonds to fund transportation projects to be backed, in whole or in part, by various revenue streams of transportation funds, and toll revenues under certain conditions, in order to increase the construction of new capacity or improvements for the state transportation system consistent with specified goals. Existing law provides that bonds issued under these provisions are free from taxation.~~

~~This bill would make a nonsubstantive change to this provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 8546.10 of the Government Code is*
2 *amended to read:*
3 8546.10. (a) The California State Auditor may establish a
4 high-risk local government agency audit program for the purpose
5 of identifying, auditing, and issuing reports on any local
6 government agency, including, but not limited to, any city, county,
7 special district, or any publicly created entity, whether created by
8 the California Constitution or otherwise, that the California State
9 Auditor identifies as being at high risk for the potential of waste,
10 fraud, abuse, or mismanagement or that has major challenges
11 associated with its economy, efficiency, or effectiveness.
12 (b) In addition to identifying a local government agency as high
13 risk on the basis of weaknesses identified in audit and investigative
14 reports produced by the office, the California State Auditor may
15 consult with the Controller, Attorney General, and other state
16 agencies that have oversight responsibilities over any local
17 government agency, in identifying local governments that are at
18 high risk.
19 (c) The California State Auditor's Office shall be responsible
20 for the state costs associated with the high-risk local government
21 agency audit program, shall conduct the program as funds permit,
22 ~~and~~ shall only conduct the program to the extent that it does not
23 interfere with duties related to mandated audits and requests from
24 the Joint Legislative Audit ~~Committee~~. *Committee, and shall obtain*
25 *approval from the Joint Legislative Audit Committee to conduct*
26 *any work at a local government agency.*

1 (d) (1) The California State Auditor shall notify the Joint
2 Legislative Audit Committee whenever he or she identifies a local
3 government as at high risk.

4 (2) The California State Auditor shall provide the Joint
5 Legislative Audit Committee, at a public hearing of the committee,
6 an annual update of all audits in progress.

7 (3) If a local government agency has taken significant corrective
8 measures for deficiencies identified by the California State Auditor,
9 that agency shall be removed from the high-risk local government
10 agency audit program.

11 (e) Notwithstanding the requirements of Section 10231.5, if the
12 California State Auditor establishes the program provided for in
13 this section and the California State Auditor determines that a local
14 agency is at high risk, the California State Auditor shall issue audit
15 reports at least once every two years with recommendations for
16 improvement in such a local government so identified.

17 (f) ~~Audits~~*Audits, onsite assessments, and any other work at a*
18 *local government agency* conducted pursuant to this section shall
19 be approved by the Joint Legislative Audit Committee.

20 ~~SECTION 1. Section 64122 of the Government Code is~~
21 ~~amended to read:~~

22 ~~64122. Any bonds issued under this division, their transfer,~~
23 ~~and the income therefrom shall at all times be free from taxation~~
24 ~~of any kind by the state and by all political subdivisions in the~~
25 ~~state.~~